

Message Text

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ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 /026 R

DRAFTED BY S/P:JKALICKI/OES:LNNOSENZO/ERDA:NSIEVERING:LAB
APPROVED BY THE ACTING SECRETARY

S/S : A. OTTO

ARA:CWBRAV

OES:LVNOSENZO

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PM:GOPLINGER

ACDA:CVANDOREN

ERDA:NSIEVERING

-----060046 046506 /61

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FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA IMMEDIATE

INFO AMEMBASSY BONN IMMEDIATE

AMEMBASSY PARIS IMMEDIATE

AMEMBASSY THE HAGUE IMMEDIATE

S E C R E T STATE 049706

EXDIS

E.O. 11652: XGDS-3

TAGS: ENRG, PFOR, BR, US

SUBJECT: WRITTEN SUMMARY OF US NUCLEAR ENERGY
PROPOSALS

1. AMBASSADOR SHOULD PRESENT FOLLOWING WRITTEN SUMMARY OF
PROPOSALS MADE BY DEPUTY SECRETARY DURING MARCH 1 TALKS IN
FORM OF CONFIDENTIAL AIDE MEMOIRE TO FONMIN SILVEIRA WITH
COPIES TO NOGUEIRA BATISTA AND OTHER GOB PARTICIPANTS AS
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APPROPRIATE.

2. QUOTE. (COMPLIMENTARY OPENING) AS AGREED WITH THE
BRAZILIAN SIDE, THE UNITED STATES SIDE HAS PREPARED THE
FOLLOWING SUMMARY OF THE POSSIBILITIES FOR DEVELOPING
SAFE, RELIABLE AND ECONOMICAL WAYS OF MEETING THE FUTURE
ENERGY NEEDS OF BRAZIL.

A. ASSURED NUCLEAR FUEL SUPPLY. AS A MAJOR ELEMENT IN ITS NON-PROLIFERATION REVIEW, THE UNITED STATES IS EXAMINING A NUMBER OF COMPLEMENTARY PROPOSALS FOR GUARANTEEING LOW-ENRICHED URANIUM REACTOR FUEL TO COUNTRIES MEETING NON-PROLIFERATION CRITERIA AND ARRANGEMENTS, INCLUDING DEFERRING ACQUISITION OF ENRICHMENT AND RE-PROCESSING FACILITIES, TO ASSURE THAT SUCH

RECIPIENTS WOULD NOT BE VULNERABLE TO INTERRUPTION IN FUEL SUPPLY AS A RESULT OF THE ACTIONS OF ANY SUPPLIER. IN THIS CONNECTION, THE UNITED STATES WOULD FULLY SUPPORT THE DEVELOPMENT OF ARRANGEMENTS TO ASSURE THAT BRAZIL'S NEAR-TERM AND LONG-TERM ENERGY NEEDS ARE MET UNDER STABLE AND ATTRACTIVE CONDITIONS. THESE COULD INCLUDE:

(1) NUCLEAR FUEL SUPPLY AS BACKUP FOR ARRANGEMENTS BY OTHER SUPPLIERS. FOR EXAMPLE, WE WOULD BE PLEASED TO JOIN WITH BRAZIL AND THE FEDERAL REPUBLIC OF GERMANY IN ASCERTAINING HOW THE US MIGHT HELP REENFORCE BRAZILIAN ARRANGEMENTS WITH URENCO.

(2) ALLOWING CUSTOMERS TO STOCKPILE WITHIN THEIR TERRITORIES A NUMBER OF YEARS SUPPLY OF FUEL TO COVER SUPPLY CONTINGENCIES. SUCH A STOCKPILE ALTERNATIVE COULD BE MADE AVAILABLE TO BRAZIL.

(3) FACILITATING OPPORTUNITIES FOR CONSUMERS TO INVEST IN ENRICHMENT PLANTS IN THE TERRITORY OF SUPPLIERS OF
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ENRICHMENT SERVICES, SHOULD THEY JUDGE THIS TO BE IN THEIR INTEREST. SUCH INVESTMENT WOULD BE DESIGNED TO ASSURE THAT SUFFICIENT PLANT CAPACITY IS AVAILABLE AND THAT EXPORT REQUIREMENTS ARE MET ON A TIMELY BASIS.

(4) FINALLY, WE ARE CONSIDERING FURTHER WAYS, TO BE IMPLEMENTED MULTILATERALLY AND OVER THE LONGER TERM, TO REINFORCE FUEL GUARANTEES ON A CREDIBLE AND NON-DISCRIMINATORY BASIS. THESE INCLUDE MULTILATERAL ENERGY SHARING ARRANGEMENTS (I.E., A FUEL SUPPLY SAFETY NET), SUPPLIER GUARANTEE MECHANISMS (INCLUDING CROSS-INVESTMENT IN ENRICHMENT PLANTS), AND AN INTERNATIONAL FUEL ASSURANCE FUND--THROUGH WHICH ENRICHED URANIUM WOULD BE AVAILABLE TO RECIPIENTS WHO MEET NON-PROLIFERATION CRITERIA.

B. INTERNATIONAL FUEL CYCLE EVALUATION PROGRAM. THIS PROGRAM WOULD CONSIST OF (A) POLITICAL STUDIES OF HOW TO PROVIDE INTERNATIONAL FUEL CYCLE SERVICES AND INTERNA-

TIONAL SPENT FUEL DEPOSITORIES AND (B) TECHNICAL STUDIES OF SAFEGUARDS, ALTERNATIVE REACTOR TECHNOLOGIES, SPENT FUEL STORAGE, AND REPROCESSING AND ITS ALTERNATIVES. THE RESULTS OF THESE STUDIES WOULD FORM THE BASIS FOR DECISIONS AS TO FUTURE ENERGY PLANNING IN EACH OF THESE AREAS.

COUNTRIES WITH CURRENT AND PLANNED MAJOR NUCLEAR ENERGY CAPABILITIES COULD FORM AN INFORMAL CONSULTATIVE GROUP

ON THE INTERNATIONAL FUEL CYCLE EVALUATION PROGRAM. (A) PARTICIPANTS WOULD ENGAGE IN INTENSIVE BILATERAL CONSULTATIONS AT BOTH POLITICAL AND TECHNICAL LEVELS. (B) AT APPROPRIATE TIMES, THEY COULD MEET AS A GROUP TO CONSOLIDATE THE POSITIONS EXPRESSED OR ARRIVED AT IN BILATERAL CONSULTATIONS. (C) THE OBJECTIVE OF THE GROUP WOULD BE TO ASSURE ENERGY SECURITY WITHOUT CONTRIBUTING
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TO THE RISKS OF NUCLEAR EXPLOSIVES PROLIFERATION.

C. NON-NUCLEAR ENERGY COOPERATION. NUCLEAR POWER IN BRAZIL, AS IN THE US, IS AN IMPORTANT AVENUE THAT BOTH COUNTRIES ARE TAKING TOWARD ENERGY SUFFICIENCY AND SECURITY. THE US/BRAZIL SUBCOMMITTEE ON ENERGY, THAT HELD ITS INITIAL MEETING LAST SEPTEMBER, HAS BEGUN THE PROCESS OF EXPLORING OTHER AREAS OF MUTUAL INTEREST FOR COOPERATION IN ADDITION TO PLANNED NUCLEAR ENERGY SOURCES.

WE BELIEVE THERE IS MUCH MORE THAT CAN BE DONE TO FURTHER OUR OVERALL ENERGY OBJECTIVES THROUGH MORE INTENSIVE COOPERATION. WE ARE PREPARED TO EXPLORE, AS A MATTER OF PRIORITY, CLOSE COOPERATION IN THE DEVELOPMENT OF INDIGENOUS ENERGY RESOURCES, SUCH AS COAL, SHALE, SOLAR AND THE APPLICATION OF IMPROVED ENERGY TECHNOLOGY, SUCH AS ULTRA-HIGH VOLTAGE TRANSMISSION AND HYDROGEN TECHNOLOGY. OTHER AREAS OF PRIORITY TO BRAZIL WOULD ALSO BE EXPLORED.

WE BELIEVE THERE IS ALSO CONSIDERABLE OPPORTUNITY TO DEVELOP TRILATERAL AND MULTINATIONAL PARTICIPATION IN SUCH ENERGY PROGRAMS. THERE ARE SIGNIFICANT DEVELOPMENTAL EFFORTS CURRENTLY UNDER WAY IN WHICH THE US AND OTHER COUNTRIES, SUCH AS GERMANY AND FRANCE, ARE WORKING ON PROCESSES FOR COAL UTILIZATION AND SOLAR ENERGY. IN SUM, WE SEE SIGNIFICANT OPPORTUNITIES FOR BRAZIL TO WORK WITH THE US AND OTHER COUNTRIES IN DEVELOPING ALTERNATIVE ENERGY SOURCES FOR AN ENERGY-DEPENDENT WORLD.

D. FRAMEWORK OF PROPOSALS. THE UNITED STATES SIDE HAS ADVANCED THESE PROPOSALS WITH A VIEW TO SERIOUS, JOINT

STUDY OF NUCLEAR ENERGY ALTERNATIVES BEFORE REACHING
FINAL DECISIONS ON NATIONAL ENRICHMENT AND REPROCESSING
CAPABILITIES. IT HAS EMPHASIZED THAT IT SEEKS NEITHER
ABROGATION OF INTERNATIONAL AGREEMENTS NOR COMMERCIAL
DISADVANTAGE FOR BRAZIL OR THE FEDERAL REPUBLIC OF GERMANY.

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IT HAS PROPOSED THAT ONLY THE ENRICHMENT AND REPROCESSING
ELEMENTS OF THE NUCLEAR ACCORD BETWEEN BRAZIL AND THE
FEDERAL REPUBLIC BE DEFERRED PENDING FURTHER, CAREFUL

EXAMINATION OF THE ABOVE PROPOSALS. UNQUOTE.

3. FOR INFO ADDRESSEES. NO ACTION SHOULD BE TAKEN ON
ABOVE SUMMARY UNLESS INSTRUCTED.

CHRISTOPHER

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NUCLEAR ENERGY, NUCLEAR COOPERATION PROGRAMS
Control Number: n/a
Copy: SINGLE
Sent Date: 06-Mar-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE049706
Document Source: CORE
Document Unique ID: 00
Drafter: JKALICKI/OES:LNOSSENZO/ERDA:NSIEVERING:LAB
Enclosure: n/a
Executive Order: X3
Errors: N/A
Expiration:
Film Number: D770077-0164
Format: TEL
From: STATE
Handling Restrictions:
Image Path:
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Legacy Key: link1977/newtext/t19770388/aaaaczkd.tel
Line Count: 190
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: b8ac12bd-c288-dd11-92da-001cc4696bcc
Office: ORIGIN SS
Original Classification: SECRET
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: EXDIS
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3192307
Secure: OPEN
Status: NATIVE
Subject: WRITTEN SUMMARY OF US NUCLEAR ENERGY PROPOSALS
TAGS: ENRG, PFOR, BR, US
To: BRASILIA
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/b8ac12bd-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009